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**SPECIAL COUNSEL FOR
 ROBIN PHELAN, CHAPTER 11 TRUSTEE**

**IN THE UNITED STATES BANKRUPTCY COURT
 FOR THE NORTHERN DISTRICT OF TEXAS
 DALLAS DIVISION**

IN RE:	§	CHAPTER 11 CASES
ACIS CAPITAL MANAGEMENT, L.P.,	§	CASE NO. 18-30264-sgj11
ACIS CAPITAL MANAGEMENT GP, LLC,	§	(Jointly Administered)
Debtors.	§	

**CHAPTER 11 TRUSTEE'S EMERGENCY MOTION TO
 MODIFY REQUIREMENTS FOR QUALIFIED PROPOSALS**

Robin Phelan (“Trustee”), the Chapter 11 Trustee for Acis Capital Management, LP (“Acis LP”)¹, files this *Emergency Motion to Modify Requirements for Qualified Proposals* (the “Motion”) and respectfully represents as follows:

PROCEDURAL HISTORY

1. On June 8, 2018, the Trustee filed his *Emergency Motion to Approve Break-up Fee, Expense Reimbursement, and Replacement Sub-Advisory and Shared Services Provider, Oaktree*

¹ Acis Capital Management GP, LLC (“Acis GP,” and together with Acis LP, the “Debtors” or “Acis”) is also a debtor in these cases.

Capital Management, L.P. (the “Break-Up Fee Motion”)² [Docket No. 263].

2. On June 26, 2018, the Trustee filed a *Supplemental Motion to Break-Up Fee Motion Seeking Court Approval of Procedures to Confirm Plan Funder* (the “Supplement”) [Docket No. 334]. The Supplement outlined certain Proposal Submission Procedures (as defined in the Supplement) to be followed by any other parties wishing to submit Qualified Proposals (as defined in the Supplement). In addition to several other requirements, the Proposal Submission Procedures provide that in order to be considered a Qualified Proposal, a proposal must:

- v. Include an agreement by the party submitting the Qualified Proposal to manage CLO-1 during the pendency of the bankruptcy for no additional fee, with the understanding that the vehicle would liquidate and return NAV to investors prior to emergence; and
- vi. Include an agreement by the party submitting the Qualified Proposal to substitute for Highland regarding rights, responsibilities, and obligations relating to the Transaction CLOs and the Luxembourg Separate Account as sub-advisor under the Sub-Advisory Agreement and staff and services provider under the Shared Services Agreement under terms no less favorable than Oaktree, including the fee structure agreed-to by Oaktree, as outlined in the Break-Up Fee Motion.³

The foregoing requirements involve providing in-house sub-servicing and sub-advisory services to Acis (the “Sub-Servicing Components”).

3. On July 5, 2018, the Trustee filed a *Joint Plan for Acis Capital Management, LP and Acis Capital Management GP, LLC* (the “Plan”) [Docket No. 383].

- 4. On July 6, 2018, the Court held a full-day hearing on the Break-Up Fee Motion.
- 5. On July 10, 2018, the Court entered an *Order Granting Emergency Motion to*

² Capitalized terms not otherwise defined herein have the meaning ascribed to those terms in the Break-Up Fee Motion.

³ See Supplement, p. 5.

Approve Break-Up Fee, Expense Reimbursement, and Replacement Sub-Advisory and Shared Services Provider, Oaktree Capital Management, L.P. (the “Order”). Among other things, the Order granted the Break-Up Fee Motion, authorized the Trustee to terminate the Shared Services Agreement and Sub-Advisory Agreement with Highland, and set forth the dates and deadlines for the submission of any other Qualified Proposals. Pursuant to the Order, the deadline for parties to submit other Qualified Proposals is **Thursday, July 19, 2018 at 4:00 p.m. Central Time**

RELIEF REQUESTED AND BASIS THEREFOR

6. By this Motion, the Trustee requests that the Court modify the requirements for a Qualified Proposal to remove the Sub-Servicing Components so that a proposal that did not include the Sub-Servicing Components would still be considered a Qualified Proposal. Any Qualified Proposal that did not include the Sub-Servicing Components would then have to be compared to any other Qualified Proposals, including the proposal submitted by Oaktree Capital Management, L.P. (“Oaktree”), which includes the Sub-Servicing Components.

7. In addition, in the event the Motion cannot be heard prior to the deadline to submit Qualified Proposals, the Trustee requests that any modification of the requirements for Qualified Proposals after the deadline for submission of Qualified Proposals be applied *nunc pro tunc* to any Qualified Proposals (as modified) submitted on or before July 19, 2018 at 4:00 p.m. Central Time.

8. If permitted to modify the requirements for the submission of Qualified Proposals as set forth herein, the Trustee will evaluate each Qualified Proposal submitted to determine which one provides the highest or otherwise best transaction for the Debtors and their estates. Modifying the requirements for the submission of Qualified Proposals as requested herein could potentially increase the number of proposals presented and increase the likelihood that the greatest possible consideration will be received.

NOTICE

9. Notice of this Motion has been provided to: (i) the office of the United States Trustee for the Northern District of Texas; (ii) counsel for Oaktree, (iii) counsel for Highland and HCLOF; (iii) counsel for U.S. Bank, N.A.; (iv) counsel for creditor, Josh Terry; and (v) the parties appearing on the attached Service List. The Trustee submits that no other notice need be provided.

PRAYER

WHEREFORE, the Trustee respectfully requests that the Court grant the Motion, modify the requirements for the submission of a Qualified Proposal to remove the Sub-Servicing Components as requested herein, and grant such further relief as the Court deems just and proper.

Dated: July 17, 2018.

Respectfully submitted,

/s/ Jeff P. Prostok

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document was served upon the parties receiving ECF electronic Notice in this case and via email to the parties listed below on July 17, 2018.

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